

Cornerstone

The Estate and Financial Planning Newsletter for Friends of St. Joseph's Health Care Foundation and Hospital

A Cornerstone of Our Community

"You can make a difference in the lives that follow"

Dear Friends of St. Joe's:

Planned Giving is investing in our community's health. Hospitals are important in the lives of all of us. Most of us were born in a hospital. Some of us have been a patient in a hospital and many of us have visited friends and loved ones in the hospital. In a word, hospitals are enormously important in the lives of us all.

Gift Planning offers us an opportunity to give something back for the benefits we derive from access to hospital and health services. Through planned giving, you have the ability to turn some of your assets into gifts that will support and ensure quality health care far into the future. Planned Giving can also offer important tax advantages, both while you are living and for your estate.

Planned Giving enables us at St. Joe's to continue to plan for the future with your continued support and commitment.

(Continued on back page)

Trevor Garwood-Jones has been a cornerstone of our community since he arrived from England in 1959. As a renowned architect, Trevor has been responsible for much of the re-planning of the downtown core of Hamilton, in particular the design of Hamilton Place, the Art Gallery of Hamilton, Hamilton Trade and Convention Centre and the Provincial Government Office Tower.

Trevor has worked on designing and renovating hospitals, clinics, churches, and even a small model village in Ghana, West Africa. He is the recipient of many awards for his work and is a member of many associations and organizations. One of our local projects that he is most proud of is St. Peter's Hospital. Not only was he the architect but he has overseen several renovation projects that have taken place at St. Peter's.

Trevor first took an interest in St. Joseph's back in 1961, while working on the conversion of a home into a clinic across the street from the hospital. According to Trevor, the clinic used to be referred to as the "Love Clinic", in reference to Dr. Bill Love who ran an Ear, Nose, & Throat Clinic at that time.

Trevor first got involved professionally with St. Joe's in 1965 when he was asked by Dr. Jim Galloway to renovate the Fontbonne Building, as well as the parking garage. Trevor continued his association with St. Joe's by



designing new parking garages; the Dialysis Unit; the Community Health Centre in Stoney Creek in the late 80s; and the new front lobby renovation at the Hospital. Through his work at the Community Health Centre, he developed a deep respect for Sister Joan O'Sullivan.

Born in 1928, Trevor has been blessed with good health over the years and is very thankful. He has 3 children: Peter, a general contractor; Richard, a former lawyer, turned police officer; and Alison, a writer. Trevor's favourite pastimes

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Opportunity knocks. . . Your response may be good for your health



Over the next few months, four large Canadian mutual life insurance companies will demutualize. This means that they will change from being owned by policyholders to being owned by shareholders. When this happens, the retained profits of past decades of operations will be distributed to existing policyholders in the form of shares, cash dividends, or both. Congratulations if you've been a participating policyholder and will be receiving this unexpected bonus.

You may wish to consider donating all or a portion of this windfall to our Foundation. Not only will you receive some significant tax benefits, but you will also be

supporting a vital health care organization in our community. Here's how it works:

If you choose to receive shares, the shares will have an adjusted cost base (tax cost) of zero. If you were to sell them, the resulting proceeds will be entirely capital gain, $\frac{3}{4}$ of which will be added to your income and taxed at your marginal tax rate.

If you choose to receive cash from the insurance company (instead of shares), you will have the amount taxed as a dividend in the year of receipt.

But if you choose to receive shares, an interesting planned giving opportunity arises. You may give the shares to our Foundation, yet be taxed on only one half of the normal capital gain. An example, using shares worth \$1,000, follows below:

If you currently own policies with one of the demutualizing companies (Manulife, Mutual Life, now Clarica Life, Canada Life and Sun Life Canada), it is worth considering donating all or a portion of the shares to our Foundation. Your support will do much to enhance the care we provide to you, your family and friends.

Please consult with your legal and financial advisers about the mechanics of how such a gift might work for you. And don't hesitate to call our Foundation Executive Director (number on back page) for additional information. 

	Sell shares no donation	Sell shares & donate cash	Donate the shares
Proceeds of sale/donation	\$1,000	\$1,000	\$1,000
Cost	—	—	—
Capital Gain (proceeds less cost)	1,000	1,000	1,000
Taxable capital gain	750	750	375
Tax on capital gain*	300	300	150
Donation tax credit (approx. 50% of donation)	n/a	(500)	(500)
Net tax cost (savings) of transaction**	300	(200)	(350)

*Based on income of \$30,000 to \$60,000 in the year the shares are sold or donated

**The negative amounts represent unused donation tax credits that can be applied to reduce tax on your income from other sources in the current year or any of the next 5 years.



Markets & Investing

Historical returns indicate that equities have consistently outperformed other types of investments in the long run. \$100 invested in a 90 day Canada Treasury bills in 1950 would have been worth \$2,032 in 1998. The same \$100 would have yielded \$3,506 in long term bonds, \$3,865 in 5 year GICs, \$17,065 in the TSE 300 stock index or \$54,363 in the US stock total return index! Of course, market volatility is much more common in equities than in

the lower yielding investments. The informed, long-term investor pays little attention to short-term market values but concentrates on purchasing and holding sound investments.

Over the past year, equities have lost value or moved sideways. The value of your equity holdings is either lower or not much higher than this time last year. Should you change your investments? Not if you invested well in the first place and your long-term objectives have not

changed. Annual figures for Templeton Growth Fund, for example, show that about every 5 years returns are either low or negative. One or two years of low growth, however, are usually followed by a number of years of healthy returns. Since we don't know when these healthy returns will begin, it makes good sense to stay in the market. Unfortunately, not everyone does and they miss out on great opportunities.

A recent issue of the *Canadian Mutual Fund Advisor* recommends the purchase of good funds which have experienced a decline in value over the past few months. Even though they will remain

volatile over the short run, existing demographic realities indicate a continued potential for growth.

The bottom line: wise investors with long term objectives will continue to invest in equities - especially now that markets are down or fluctuating - and pay little attention to current market values, apart from seeing downturns as buying opportunities.

And remember: healthy investment portfolios increase the flexibility you have in making donations to your favourite charities! **C**

Dale DuQuesnay, Acorn Financial Services, Guelph, Ontario, (519) 826-4774

Bequesting a RRIF can be tax effective

A growing number of people are relying on Registered Retirement Income Funds (commonly referred to as



RRIF's) to fund their retirement. However, the nature of RRIF's is such that typically you still will have funds in the plan on death. Funds in a RRIF are subject to income tax on withdrawal. On death, unless a surviving spouse or dependent child is a continuing beneficiary, all remaining funds in the RRIF must be withdrawn at that time and therefore will be subject to income tax. Such taxes could take almost 50% of the remaining RRIF funds.

If you have a RRIF, and at death have no surviving spouse, no dependent children, and no other family member in need of the funds, you might consider bequesting the RRIF funds to our

foundation. The donation credit in most cases should eliminate the tax on the RRIF funds, so that 100% of the funds can go to a good cause.

You should make the charitable bequest through your will as there may be technical problems in making the charity a direct beneficiary of the plan. Also, you can word your will so that the charitable bequest is made only if your spouse predeceases you and you have no dependent children.

If you have a Registered Retirement Savings Plan (RRSP) that has not yet been converted to a RRIF prior to death, the same rules apply and the same gifting policy may be appropriate. Just remember, the recipient of the gift must be a registered charitable organization that can provide a donation receipt valid for income tax purposes. **C**

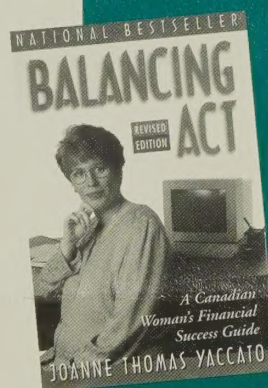
Terry Wichman, CA, is a partner at PricewaterhouseCoopers in Kitchener and a member of the Planned Giving Advisory Committee at St. Mary's General Hospital Foundation.

The Bookshelf

Balancing Act

A Canadian Woman's Financial Success Guide by Joanne Thomas Yaccato (\$17.95)

a review by Cynthia Lacroix, B.A.



Balancing Act, a national bestseller, focuses on the need for women to understand and engage in financial planning.

The author begins with the premise that financial planning should reflect a woman's age,

experiences and expectations.

While men and women have similar lists of what motivates them and what constitutes success, the order of importance varies by gender. This supports the need for women to plan their finances differently than men.

Using humour and sharing her own tale of fiscal mismanagement, the author explores how women's socialized roles stunt their financial growth. She then proceeds to explain the language of financial planning and discusses why and how women should take control of their financial future.

The author advises women to pay themselves first and invest 10 per cent of their earnings so it can work for them.

Specific topics include life insurance, RRSPs, living wills, mortgages, tax planning, divorce, gender tax, and more. In short, everything you wanted to know about finances but were too afraid of being bored to death to ask.

This is an excellent read for all women, reinforcing the need to take financial control to ensure their fiscal health.

Cynthia Lacroix is a recent graduate of the Public Relations Certificate program at Humber College. She served in a co-op placement at St. Mary's General Hospital Foundation.

"You can make a difference..."
- con't from front cover

Using your own special gifts today is indeed a sign of your commitment to the future of health care, not just for today but also for tomorrow. As we have benefited from the generosity of others before us, future generations will benefit from your generosity.

Please fill in the "tear off" and mail back to us, or you may phone me at: (905) 521-6036 to receive more information about how you can make a difference by making a planned gift to St. Joe's.

Cathy Wellwood, Director
Major Gifts and Planned Giving
St. Joseph's Health Care
Foundation



A Cornerstone of Our Community *cont'd from front cover*

are playing golf and tennis.

Trevor and his wife, Catherine, are at a point in their lives when they want to give back to the community that has given so much to them over the years. They have decided to leave a gift to St. Joseph's in their will. The gift they leave to St. Joe's will be a cash gift. Although they haven't yet decided where they would like their legacy to go, they will probably want to designate it to a specific area, perhaps respirology.

In this case, the Garwood-Jones' have chosen to leave a cash gift. Other options that Planned Givers have are to purchase a gift annuity, a bequest, a gift of life insurance, or to leave gifts of real estate or securities, such as stocks, bonds, mutual funds, or GICs.

Trevor knows that St. Joseph's is #1

in our community. He feels that St. Joseph's has enormous respect for the patient. Not only that, but the staff of the Hospital and Community Health Centre act as great ambassadors for the medical community. Trevor says, "we should be very proud of our very caring Hospital."

The St. Joseph's Family is proud of the contribution that Trevor Garwood-Jones is making, not only to the Hospital, but also to the community as a whole. Good health is an important part of our community and the support of people like Trevor Garwood-Jones is important to the continuation of the excellent programs and services that serve the members of our community.

Trevor Garwood-Jones truly is a cornerstone of our community. **C**

TAX TIP

How is a Charitable Remainder Trust preferable to a donation under a will?

Donations made under a will are deemed to have been made in the year of death. A donation through charitable Remainder Trust will give an immediate tax benefit to the donor, while he or she continues to receive income from the property.

Upon the death of the donor, the Charitable Remainder Trust property

will be distributed immediately to the charity without the delays related to the administration of an estate. As well, the lifetime gift to the charity by way of a Charitable Remainder Trust will not be subject to probate fees.

The donor and the charity both benefit from the professional management of the funds. **C**

I/We would like more information about:

- | | |
|--|--|
| ☐ Gifts by Will | ☐ Gifts of Property |
| ☐ Gifts of Life Insurance | ☐ Gifts of Security |

(Please print)

Name(s) Mr./Mrs./Ms./Miss _____

Address _____

City _____ Prov _____ Postal Code _____

Telephone () _____ Best time to phone _____

Please mail this card to:

St. Joseph's Health Care Foundation

354 King Street West, Hamilton, ON L8P 1B3

Tel: (905) 521-6036 · Fax: (905) 577-0860

Registered Charitable Number: (BN) 11918 3549 RR0001

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